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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT

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COUNTRY **Austria/USSR**

DATE DISTR. **19 April 1948**

SUBJECT **Soviet Intentions to Increase Economic Pressure on Austrian Government**

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DATE OF INFO

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25X1 a. The Soviets insisted on being informed regarding every future foreign trade transaction concluded by Austria. The Soviets demanded exact information on all past and future agreements between Austria and Bizonia, and declared all such future transactions must receive [] clearance prior to their conclusion, while agreements with other countries need not be submitted until after their conclusion.

25X1 b. [] They further claimed that large-scale transactions had already been concluded [] that they were made under [] pressure and were contrary to Austrian interests.

25X1 c. The Soviets requested [] information on the possibilities of developing trade relations between Austria and southeastern Europe.

25X1 2. [] Colonel Borimov of the Soviet Element of ACA summoned [] for discussion [] the old debt of about 36,000,000 schillings which was contracted by the city of Vienna for foodstuffs delivered by the Soviet Army between the date of occupation of the city and 16 April 1946. Comment: This debt was the subject of negotiations between the Austrians and the Soviets in May 1946 and served as discussion point for the consideration of a possible Austro-Soviet trade treaty. The negotiations broke down for the following reasons:

- 25X1 a. The difficulty in reaching a settlement satisfactory to both sides.
- b. The Austrian's unwillingness to conclude a trade treaty with the Soviets.
- c. The whole question of the debt was solved when Austria signed a moratorium agreement [] which provided for the suspension of Austrian payments to Allied Armies for food supplies.

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[redacted] Austria has paid about 8,000,000 schillings of this debt to the Soviets. It is possible that, in view of the schilling re-evaluation of August 1947 and the recent currency reform, the old figure of 36,000,000 will be subject to an upward revision.) Borisov stated that the Soviets did not consider the debt cancelled and specifically requested the immediate fulfillment of a number of orders which were placed with individual Austrian firms in the spring of 1946 for the delivery of goods valued at about 3,000,000 schillings.

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[redacted] Director Albin of the USIA Commercial Trade Office informed [redacted] that the Soviets have re-examined their position regarding the export of war booty and the products of USIA-controlled factories. Henceforth, the Soviets will not make concessions to Austrians in return for export permits, such as giving the Austrian Government a share in the profits or in the raw materials imported by the Soviets in exchange for these exports.

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[redacted] iron construction materials valued at about 5,000,000 schillings, which are classified as war booty [redacted] and which USIA recently offered for sale to the Austrian Government [redacted] are no longer available to the Austrian Government.

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[redacted] Soviets plan further to increase the control of the transports of Austrian goods from the Soviet to the western zones. For this purpose, road blocks were being erected at St. Poelten, Melk, and Amstetten.

this measure may be a reprisal for the [redacted] recent decision to stop Soviet shipments of 1,000 meters of mine timber (Grubenholz) and 20 tons of cellulose (Zellulose) [redacted] in return for 500,000 liters of [redacted] wine destined for the Soviet Central Group of Forces. The timber, cellulose, and wine are now being held at the Innsbruck railroad station on the grounds that no Austrian authorization was given for the transaction. The boxcars in question are provided with Soviet Army papers.

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